

KERN COUNTY ECONOMIC FORECAST

Kern County is located at the Southern end of California's Central Valley, just north of Los Angeles County. Agriculture is a vital component of the county economy, which consistently ranks in the top five of the most productive counties in the nation. In early 2006, Kern County had a population of 780,000 people, together with 264,000 wage and salary jobs. The per capita income in Kern County is \$22,400, which is lower than the California state average. The average salary per worker in 2005 was \$41,700. The median family income in 2006 was estimated at \$48,100.

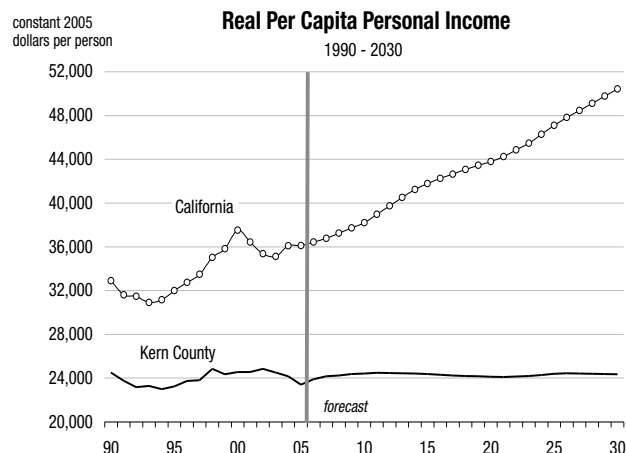
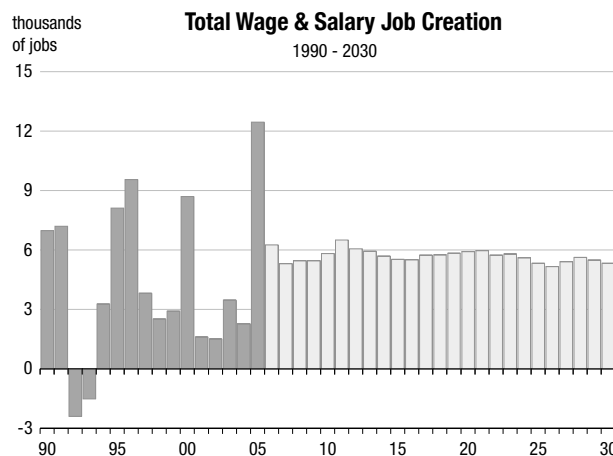
Economic growth in Southern California has been strong since the start of the decade, but was even more impressive during 2005. Last year 12,500 total jobs were created in Kern County, implying a growth rate of 5.0 percent. The non-farm growth rate was 4.3 percent. The unemployment rate dropped to 8.4 percent in 2005, down from 9.8 percent in 2004.

The principal sectors that are producing jobs in Kern County are construction, retail stores (including restaurant and food services), leisure and hospitality services, and government. Jobs in healthcare are also increasing at a rapid rate. Employment in the farm sector expanded in 2005, but farm jobs are expected to gradually decline over the forecast period. Currently, most of the job creation is population-serving. Over time however, more professional and wholesale distribution jobs will be created in Kern County. As the share of non-farm jobs rises in the county, the unemployment rate will continue to drop and average salaries will rise.

Between January 2005 and 2006, the population grew at a rate of 2.9 percent in Kern County. Over 80 percent of the growth was in Bakersfield, which grew by 4.7 percent and Delano, which grew by 8.9 percent.

FORECAST HIGHLIGHTS

- Non-farm job growth will cool in 2006 to 3.0 percent. Job growth is expected to average 2.6 percent between 2006 and 2010. Farm sector employment will shrink over time, continuing a trend that has been in place since 1996.
- Average salaries adjusted for inflation are currently well below the California state average, and will remain so over the forecast horizon. Real average salaries rise an average of 0.8 percent per year over the next 5 years.
- The services sector will emerge as the employment growth engine in Kern County. Jobs in professional and business services, and education and healthcare services are expected to grow by over 3 percent per year over the next five years.

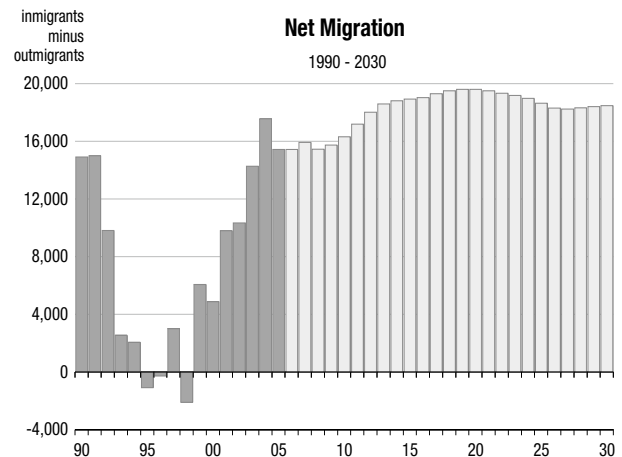
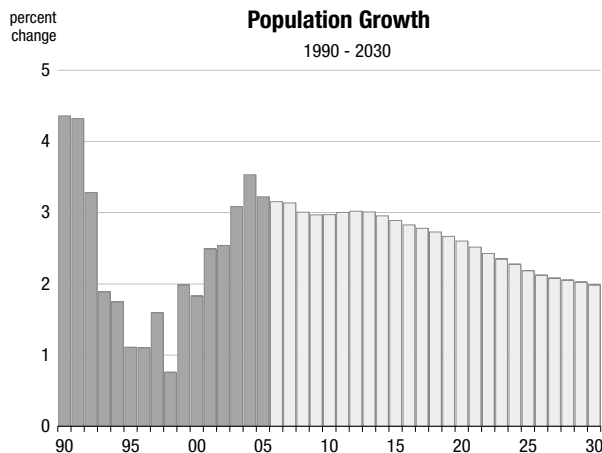


- The population will continue to grow at a rapid rate in the county. Annual growth in the 2006 to 2010 period averages 3.0 percent per year. Most of the increase in population is due to net migration.
- Net migration will remain at 2005 levels. An average of 15,800 net migrants are forecast per year over the next five years.
- Real per capita incomes increase at a rate of 2.2 percent in 2006. An annual compound rate of growth of 0.9 percent is forecast over the next five years.
- Industrial production will increase by 6.1 percent in 2006. From 2006 to 2010, the growth rate of industrial production will average 1.7 percent per year.

Kern County Economic Forecast

1997-2005 History, 2006-2030 Forecast

	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
1997	635,822	3,015	457.0	206.0	2,637	\$5.6	\$12.0	\$23,813	1.7	2.76	4.5	12.2
1998	640,659	-2,087	480.7	208.5	3,453	\$5.8	\$12.8	\$24,851	1.4	2.57	3.4	12.1
1999	653,400	6,080	492.2	211.8	3,157	\$6.3	\$13.1	\$24,350	2.3	2.59	3.9	11.4
2000	665,373	4,892	513.7	208.7	3,060	\$6.9	\$13.9	\$24,563	3.3	2.60	5.5	11.3
2001	681,972	9,805	535.2	210.9	3,637	\$7.6	\$14.7	\$24,543	3.4	2.53	5.1	8.6
2002	699,300	10,348	561.3	214.3	4,881	\$7.6	\$15.7	\$24,840	2.8	2.87	5.4	9.8
2003	720,888	14,285	571.1	218.4	6,112	\$8.0	\$16.4	\$24,516	2.6	2.67	6.4	10.3
2004	746,351	17,572	618.1	223.6	7,455	\$9.1	\$17.3	\$24,171	3.3	3.28	7.3	9.8
2005	770,424	15,437	647.7	229.7	9,416	\$9.9	\$18.0	\$23,386	4.5	3.29	8.0	8.4
2006	794,725	15,451	678.0	238.1	9,035	\$10.9	\$19.7	\$23,893	3.5	3.27	8.4	8.1
2007	819,679	15,939	707.4	246.5	8,910	\$11.8	\$21.1	\$24,166	2.8	3.26	8.4	8.3
2008	844,326	15,458	734.8	254.8	8,972	\$12.7	\$22.5	\$24,236	3.1	3.27	8.4	8.4
2009	869,411	15,743	762.0	263.2	9,052	\$13.6	\$24.0	\$24,362	3.0	3.24	8.6	8.4
2010	895,263	16,327	789.0	271.6	9,196	\$14.5	\$25.5	\$24,415	3.2	3.23	8.6	8.3
2011	922,147	17,196	816.0	280.1	9,435	\$15.5	\$27.2	\$24,477	3.1	3.24	9.2	8.1
2012	950,021	18,026	842.9	288.9	9,608	\$16.4	\$28.8	\$24,473	2.9	3.23	9.5	8.1
2013	978,627	18,606	869.7	297.8	9,693	\$17.3	\$30.5	\$24,433	3.0	3.21	10.1	8.2
2014	1,007,568	18,825	896.1	306.8	9,732	\$18.3	\$32.3	\$24,412	3.0	3.21	10.5	8.3
2015	1,036,709	18,936	921.7	315.9	9,750	\$19.3	\$34.3	\$24,361	3.2	3.20	10.7	8.4
2016	1,066,055	19,035	946.5	324.9	9,752	\$20.4	\$36.3	\$24,307	3.3	3.19	11.3	8.4
2017	1,095,723	19,316	970.8	334.0	9,794	\$21.5	\$38.4	\$24,225	3.4	3.20	11.6	8.4
2018	1,125,636	19,506	995.1	343.1	9,842	\$22.7	\$40.7	\$24,193	3.2	3.19	12.0	8.4
2019	1,155,684	19,614	1,019.6	352.3	9,862	\$23.8	\$43.1	\$24,168	3.2	3.18	12.1	8.4
2020	1,185,769	19,606	1,044.1	361.5	9,870	\$25.0	\$45.5	\$24,133	3.1	3.18	12.6	8.3
2021	1,215,608	19,502	1,068.7	370.7	9,820	\$26.3	\$48.0	\$24,102	3.1	3.19	12.8	8.3
2022	1,245,128	19,348	1,093.8	379.8	9,760	\$27.6	\$50.8	\$24,135	3.2	3.18	12.6	8.4
2023	1,274,435	19,192	1,119.1	388.9	9,668	\$28.9	\$53.8	\$24,196	3.1	3.18	12.5	8.4
2024	1,303,436	18,987	1,144.7	397.9	9,592	\$30.3	\$56.9	\$24,286	3.0	3.17	12.4	8.4
2025	1,331,953	18,659	1,170.3	406.9	9,513	\$31.7	\$60.1	\$24,390	3.0	3.16	11.9	8.5
2026	1,360,229	18,320	1,195.7	415.7	9,446	\$33.2	\$63.4	\$24,444	3.1	3.16	11.4	8.7
2027	1,388,525	18,252	1,221.2	424.5	9,449	\$34.8	\$66.7	\$24,423	3.1	3.16	11.1	8.6
2028	1,417,026	18,338	1,247.0	433.3	9,499	\$36.5	\$70.3	\$24,403	3.3	3.16	11.1	8.6
2029	1,445,734	18,408	1,273.0	442.2	9,550	\$38.3	\$74.0	\$24,378	3.3	3.15	11.1	8.6
2030	1,474,471	18,484	1,299.1	451.1	9,572	\$40.1	\$77.8	\$24,350	3.2	3.14	11.2	8.6



Kern County Employment Forecast

1997-2005 History, 2006-2030 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
-----employment (thousands of jobs)-----												
1997	228.3	49.03	9.4	10.2	7.2	28.2	6.8	19.1	2.5	16.2	15.5	48.2
1998	230.8	46.52	10.0	10.5	7.8	28.1	7.6	20.9	2.5	17.1	15.9	48.8
1999	233.7	44.85	10.7	10.7	8.2	28.3	7.7	21.9	2.4	18.1	16.5	50.3
2000	242.4	48.28	11.6	10.8	8.4	28.9	7.6	22.2	2.5	19.2	16.5	51.6
2001	244.0	41.75	13.0	11.1	8.3	30.1	7.8	23.0	2.5	20.2	17.2	53.6
2002	245.5	40.42	13.3	11.6	8.3	30.7	8.0	22.4	2.5	20.7	17.6	55.2
2003	249.0	41.88	13.6	12.6	8.7	30.9	8.3	21.7	2.5	21.3	18.0	54.5
2004	251.3	39.52	15.4	12.7	8.8	32.3	8.6	21.7	2.5	21.6	19.0	54.0
2005	263.7	42.79	18.1	12.7	9.2	34.0	8.7	22.7	2.5	22.1	19.9	55.7
2006	270.0	42.49	19.0	12.8	9.5	35.1	8.9	23.5	2.6	22.6	20.6	57.3
2007	275.3	42.10	19.4	12.9	9.7	36.1	9.0	24.4	2.6	23.2	21.3	58.8
2008	280.8	41.93	19.6	13.0	10.0	37.0	9.2	25.3	2.7	23.8	22.0	60.5
2009	286.3	41.59	19.8	13.0	10.3	37.9	9.4	26.4	2.8	24.5	22.7	62.0
2010	292.1	41.22	20.0	13.1	10.6	38.8	9.6	27.7	2.9	25.1	23.4	63.6
2011	298.6	41.01	20.4	13.2	11.0	39.6	9.8	29.1	3.0	25.9	24.1	65.4
2012	304.7	40.78	20.8	13.3	11.3	40.5	9.9	30.5	3.1	26.6	24.7	67.1
2013	310.6	40.49	21.0	13.4	11.6	41.3	10.1	31.8	3.2	27.3	25.3	68.7
2014	316.3	40.25	21.2	13.5	11.9	42.1	10.3	33.0	3.3	28.0	25.9	70.4
2015	321.8	39.99	21.3	13.6	12.2	42.9	10.5	34.0	3.4	28.8	26.6	72.1
2016	327.3	39.73	21.4	13.7	12.5	43.7	10.7	34.8	3.5	29.8	27.2	73.9
2017	333.1	39.64	21.4	13.7	12.8	44.5	10.9	35.6	3.6	30.8	27.9	75.7
2018	338.8	39.47	21.5	13.8	13.1	45.3	11.1	36.4	3.7	31.9	28.4	77.4
2019	344.7	39.29	21.6	13.8	13.4	46.1	11.3	37.2	3.8	33.1	29.0	79.2
2020	350.6	39.11	21.6	13.9	13.7	46.8	11.5	37.9	3.9	34.5	29.5	81.0
2021	356.6	39.08	21.6	13.9	14.1	47.5	11.7	38.7	4.0	35.8	29.9	82.7
2022	362.3	38.93	21.6	14.0	14.4	48.2	11.9	39.5	4.1	37.2	30.3	84.4
2023	368.1	38.91	21.5	14.1	14.8	48.9	12.1	40.2	4.3	38.5	30.7	86.1
2024	373.8	38.73	21.4	14.2	15.1	49.6	12.3	40.9	4.4	39.8	31.0	87.8
2025	379.1	38.55	21.2	14.3	15.4	50.2	12.6	41.7	4.5	41.0	31.3	89.4
2026	384.3	38.39	21.1	14.4	15.8	50.9	12.8	42.4	4.6	42.1	31.7	91.1
2027	389.7	38.23	21.0	14.5	16.1	51.5	13.0	43.1	4.7	43.2	32.1	92.8
2028	395.3	38.18	21.1	14.6	16.3	52.1	13.2	43.8	4.8	44.3	32.6	94.4
2029	400.8	38.00	21.1	14.7	16.6	52.8	13.4	44.5	4.9	45.4	33.1	96.1
2030	406.1	37.84	21.0	14.8	16.9	53.4	13.6	45.2	5.0	46.5	33.7	97.8

